

Message Text

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ACTION EA-09

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P R 040927Z SEP 75
FM AMEMBASSY JAKARTA
TO USDOC PRIORITY
SECSTATE WASHDC PRIORITY 0104
INFO AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY SINGAPORE
AMCONSUL MEDAN
AMCONSUL SURABAYA

UNCLAS JAKARTA 10895

E.O. 11652: N/A

TAGS: BEXP, ID, MY, RP

SUBJECT: POST INPUT TO BIC TRADE PROMOTION PROGRAM

REF: (A) USDOC 11049; (B) USDOC 12955;
(C) JAKARTA 7984; (D) INDONESIA CCP FY 76
(E) JAKARTA 9995; (F) JAKARTA 9080
(G) STATE 163927; (H) USDOC 12780

1. INTRODUCTION/SUMMARY: REGRET DELAYED RESPONSE DUE
E/CM SHORT STAFFING SITUATION. EMBASSY APPRECIATES
FORTUITOUS OPPORTUNITY TO RELATE POST REF (C) FY 77
BEST PROSPECTS RECOMMENDATIONS TO EVENTS SCHEDULED FOR FY 76
TRADE PROMOTION PROGRAM. ALSO RECOGNIZE POSSIBILITY
REALIZE COST SAVINGS BY JOINING MISSION ALREADY SCHEDULED
FOR REGION. HOWEVER, ATTEMPT THUS IMPLEMENT PROPOSED
FY 77 EVENTS ONE YEAR EARLY PRESENTS TIMING, CAMPAIGN
MANAGEMENT, AND WORK LOAD PROBLEMS. EMBASSY THEREFORE
RECOMMENDS POSTPONEMENT TIMBER MISSION UNTIL LATE 1976/
EARLY 1977. END INTRODUCTION/SUMMARY.

2. RE JULY 1976 PROPOSED TELECOMMUNICATIONS TRADE
MISSION, EMBASSY BELIEVES INAPPROPRIATE CONSIDER PARTICI-
PATION IN THIS TRADE MISSION UNTIL CONTRACT MARKET
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RESEARCH NOW UNDERWAY IS COMPLETED (DUE SEPTEMBER 19).

EMBASSY FURTHERMORE HAVING SECOND THOUGHTS ABOUT TELE-COMMUNICATIONS PROMOTION EVENT. MASSIVE US EXIM FUNDED GOI PROJECT ALREADY UNDERWAY, AND MAJOR US FIRM REP RECENTLY COMMENTED TO US THAT GOI PERUMTEL DECISION PURCHASE THIS SYSTEM EFFECTIVELY LOCKS OUT ANY FIRMS NOT RPT NOT PARTICIPATING IN ORIGINAL SYSTEM. COMPANY REP FELT THAT INDIVIDUAL RADIO EQUIPMENT ITEMS MIGHT OFFER MORE FRUITFUL AREA OF SALES ACTIVITY BUT ADDED THAT VIRTUALLY ALL MAJOR US FIRMS IN THIS FIELD ARE ALREADY ACTIVELY REPRESENTED HERE. THUS TRADE MISSION DESIGNED INTRODUCE NTM FIRMS PERHAPS NOT RPT NOT BEST ALLOCATION USG RESOURCES. INTERIM REPORTS BY MARKET RESEARCH FIRM REVEAL GROWING NON-GOVERNMENT MARKET--BUT THAT U.S. PRICES, DELIVERY TIME AND AFTER SALES SERVICE SIGNIFICANT DETERRENT THAT ALSO WOULD HAVE TO BE OVERCOME BY TRADE MISSION.

3. REF (A) REQUEST THAT EMBASSY ACCEPT FEBRUARY 1976 TIMBER INDUSTRIES MISSION PRIOR TO COMMENCEMENT MARKET RESEARCH PRESENTS SAME MANAGERIAL PROBLEM AS PROPOSED TELECOMMUNICATIONS TRADE MISSION. (PER REF (F) EMBASSY STILL AWAITING BID SPECS AND INVITATIONS FOR CONTRACT OMR APPROVED REF (G). PREVIOUS CONTRACTING EXPERIENCE SUGGESTS EARLIEST COMPLETION DATE FOR OMR STUDY WOULD BE LATE JANUARY/EARLY FEBRUARY 1975.) EMBASSY CONVINCED WOOD PROCESSING WILL BE MAJOR FUTURE AREA DEVELOPMENT AND THEREFORE INCLUDED IT IN FY 76 CCP AS MAJOR CCP CAMPAIGN; HOWEVER, AT THIS EARLY STAGE WE DO NOT RPT NOT HAVE SUFFICIENT INSIGHT INTO SUCH KEY QUESTIONS AS: A) HOW SOON MAJOR DEVELOPMENTS WILL GET UNDERWAY (INDUSTRY HAS BEEN DEPRESSED IN PAST YEAR), B) WHICH SEGMENTS OF THIS BROAD COMPLEX INDUSTRY OFFER BEST OPPORTUNITIES FOR U.S. FIRMS, C) WHICH PROPOSED WOOD PROCESSING PROJECTS MOST LIKELY BE REALIZED VS. WHICH ARE DESTINED BE STILLBORN, AND D) WHO ARE KEY DECISION-MAKERS?

4. CAREFULLY ORCHESTRATED CCP CAMPAIGN WAS DESIGNED SYSTEMATICALLY DEVELOP THIS INFORMATION WHILE SIMULTANEOUSLY PREPARING KEY INDONESIAN INDUSTRY PERSONNEL FOR SALES
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COMMITMENT TO AMERICAN SUPPLIERS. CCP CAMPAIGN BUILD-UP WOULD CULMINATE IN PLANNED DECEMBER 1976 USG-LED INDUSTRY VISIT TO INDONESIA. BY CONTRAST, USDOC PROPOSED FEBRUARY 1976 TRADE MISSION WOULD COME AT BEGINNING OF CAMPAIGN, ARRIVING ONLY TEN MONTHS AFTER VERY SIMILAR PACIFIC NORTHWEST IOGA MISSION, RESULTS OF WHICH WERE INCONCLUSIVE, AND WOULD TRAIL HARD ON HEELS OF RETURNING INDONESIAN TIMBER EXPORT TRADE AND EQUIP-

MENT BUYING MISSION (SCHEDULED VISIT U.S. IN OCTOBER).
THUS NOT ONLY WOULD FEBRUARY TIMING REQUIRE USG COMMIT-
MENT WELL BEFORE MARKET RESEARCH RESULTS AVAILABLE AND
DISRUPT ORCHESTRATION OF PROMOTIONAL BUILD-UP, BUT
IT WOULD ALSO TEND FORCE EMBASSY EXECUTE THIS MAJOR
PROMOTIONAL THRUST WITHOUT DETAILED SECTORAL KNOWLEDGE
NECESSARY FOR EFFECTIVE TARGETING AND INTELLIGENT
RECOMMENDATIONS CONCERNING MISSION COMPOSITION.

5. THEREFORE EMBASSY STRONGLY URGES WE ADHERE VISIT
SCHEDULE OUTLINED CCP ANNEX C WOOD PROCESSING CAMPAIGN.
IF USDOC UNABLE ORGANIZE SEPARATE ADDITIONAL VISIT
TO INDONESIA (LATE 1976/EARLY 1977) PER INDONESIA
CCP, THEN JAKARTA MIGHT HAVE TO RECONSIDER CCP PROGRAM
OTHER AREAS AND REALLOCATE RESOURCES FOR FEBRUARY
MISSION RATHER THAN FOREGO VISIT ALTOGETHER. REQUEST
ADVICE.

6. IN CONSIDERING THIS MATTE EMBASSY HOPES OIM WILL
BEAR IN MIND THAT INDONESIA CCP SECTION IV RESOURCE
ALLOCATION PROVIDES ONLY 21 FSO, 25 PRO, AND 10 CLER
PEOPLE DAYS IN SUPPORT OF TRADE PRO. EVENTS (4.1).
IF CURRENT FREQUENCY USRTC SINGAPORE EVENTS CONTINUES,
WE FULLY EXPECT VAST MAJORITY THESE CCP 4.1 PEOPLE
DAYS WILL BE REQUIRED SUPPORT USRTC EVENTS. ADDITION
OF PROPOSED REF (E) ENERGY SYSTEMS EXHIBIT WOULD UN-
DOUBTEDLY BEGIN CUT INTO PEOPLE DAYS ALLOCATED OTHER
CCP ACTIVITIES; AND FURTHER ADDITIONS, SUCH AS REF
(A) PROPOSED TIMBER AND TELECOMMUNICATIONS TRADE MISSIONS
OR REF (H) PROPOSED FISH EQUIPMENT MISSION TO JAKARTA,
WOULD REQUIRE MAJOR REVISION FY 76 CCP PRIORITIES.
EMBASSY ALSO IN PROCESS PREPARING PTR ON MATERIALS
HANDLING EQUIPMENT, STORAGE/WAREHOUSING FACILITIES WHICH
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WE BELIEVE WILL DESERVE HIGH PRIORITY FOR ADDITIONAL
CCP CAMPAIGN THIS YEAR.

7. ACTION REQUESTED: 1) USDOC PLEASE INFORM EMBASSY
WHEN WE MAY EXPECT RECEIVE TIMBER EQUIPMENT CONTRACT
MARKET RESEARCH SPECS MENTIONED REF (F) AND PARA 3
ABOVE; 2) ADVISE DECISION RE TIMBER MISSION IN
FEBRUARY OR POSTPONEMENT TO LATE 1976/EARLY 1977.
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